GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:64
ANSWERED ON:09.07.2004
RELIEF PACKAGE FOR FARMERS
Chandrappan Shri C.K.;Kurup Adv. Suresh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has recently announced relief package for farmers to increase the inflow of agricultural credits for next few years;

(b) if so, the details thereof;

(c) whether the Government has laid down any guidelines for rescheduling of outstanding loans of farmers and have also introduced one-time settlement scheme;

(d) if so, the details thereof; and

(e) the extent to which the small and marginal farmers are likely to be benefited as a result thereof?

Answer

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a), (b), (c), (d) & (e): A Statement is placed on the Table of the House.
Statement referred in reply to pam (a), (b), (c), (d) & (e) of Lok Sabha Starred Question No.64 for 9th July, 2004 tabled by Shri Suresh Kurup and Shri c.K. Chandrappan regarding Relief Package for Farmers

(a & b): The announcement on Agricultural Credit made by the Government on 18th June 2004 envisages doubling the Flow of Agriculture Credit in 3 years and the following relief measures:

i Debt restructuring/rescheduling and fresh loans for distressed farmers.
ii One Time Settlement (OTS) for small and marginal farmers.
iii Fresh credit to farmers whose earlier debts have been settled through compromise or write off.
iv Loans for farmers indebted to non-institutional lenders.

RBI and NABARD have already issued guidelines on 24th June and 29th June, 2004 to Commercial Banks and Rural Cooperatives and RRBs respectively to provide relief to farmers as per the announcement.

(c & d): As per the guidelines issued, the debts as on 31st March,2004, of all farmers who have suffered production and income losses on account of natural calamities for 2 or more successive years during the past five years will be rescheduled/ restructured by the Banks, provided the State Government concerned has declared such districts as calamity affected. The interest outstanding/ accrued in the accounts of such borrowers (crop loans and agricultural term loans) up to 31 March, 2004 will be clubbed with the principal outstanding therein as on 31st March, 2004 and the amount thus arrived at shall be repayable over a period of 5 years, at current interest rates, including an initial moratorium of two years. For the loans already restructured, on account of natural calamities, as per the standing guidelines, the overdue instalments including interest thereon as on 31st March, 2004, will be taken into account for the purpose of restructuring. RBI has directed the banks to formulate their own guidelines for One Time Settlement (OTS) with the approval of their Board of Directors in respect of small and marginal farmers who have been declared as defaulters till 24th June, 2004 and have become ineligible for fresh credit. Banks will complete the exercise of notifying defaulters, of the OTS guidelines, latest by 30th September, 2004 and all applications for OTS received from such defaulters would be processed within one month of their receipt.

(e): On restructuring/rescheduling of the accounts as above, the concerned farmers will become eligible for fresh loans. Banks will also review all cases of small and marginal farmers where credit has been denied on the sole ground that a loan account was settled through OTS. A large number of small and marginal farmers will derive benefits and access to fresh credit with the implementation of these measures.